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## Germany

### Cotton and Products

### Annual

### 2004

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**Report Highlights:**

The German textile industry continues to face strong competition from low cost countries. There have already been a number of closure or relocation of production facilities from Germany to other countries. This also affects cotton spins and weaving companies. As a consequence, German imports of raw cotton dropped by 16 percent to 105,669 MT in MY 2002/03. The top five suppliers were Sudan, Uzbekistan, Chad, Cameroon, and Mali. The United States ranked number seven with 6,004 MT and a market share of 5.7 percent.

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Includes PSD Changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
Berlin [GM1]  
[GM]

## Production

For climatic reasons there is no domestic raw cotton production in Germany. The country therefore depends on the import of cotton and cotton products for its textile and apparel industry.

## Consumption

Calculated consumption (=beginning stocks + imports – exports – ending stocks) of raw cotton amounted to 100,639 MT<sup>1</sup> in MY<sup>2</sup> 2002/03 versus 114,306 MT in MY 2001/02, a decline of 12 percent. Figures for the first 6 month (August through January) of MY 2003/04 show a further drastic reduction in calculated consumption. The German industry hopes for a better situation in the remaining months. Nevertheless calculated consumption for the full marketing year MY 2003/04 is expected to add up to only about 80,000 MT, well below the MY 2002/03 level.

Tough competition from low cost countries continues to force the German textile and apparel industry to move production facilities from Germany to countries in Eastern Europe and Asia. Cotton spinning and weaving companies have followed this trend with a certain time lag. According to the German Industry Association for Yarns, Fabric and Technical Textiles (IVGT) the number of ring spindles in Germany dropped from 600,000 in 1999 to 495,000 in 2003. Over the same period rotor spindles were reduced from 65,000 to 58,000.

Roughly 35 percent of the yarns used by the German textile industry are made from cotton, 5 percent from wool and 60 percent from man-made fiber. These percentages may vary slightly from year to year, depending on the latest fashion trends.

## Trade

In Germany, cotton imports mainly follow the consumption trend. In MY 2002/03 German imports of raw cotton totaled 105,669 MT. This is a decrease of about 20,000 MT or 16 percent compared to the previous season.

On a dollar basis, the average import price increased by 11 percent from \$ 1,044 per MT in MY 2001/02 to \$ 1,158 per MT in MY 2002/03 in line with the world market price. However, converted into Euros, average import prices in MY 2002/03 were 1,091 Euro per MT and thus 5.6 percent below MY 2001/02. Over the first six month of MY 2003/04 average import prices have risen both in U.S. dollars as well as in Euro, albeit to a different extent. In U.S. \$ import prices increased by 18 percent to \$ 1,393 per MT, while the increase in Euro was only 8 percent to 1,180 Euro per MT.

The top five suppliers of raw cotton to the German market were Sudan, Uzbekistan, Chad, Cameroon, and Mali, with a market share of 15, 12, 12, 8, and 7 percent, respectively. The United States ranked number seven with 6,004 MT and a market share of 5.7 percent in MY 2002/03. This compares to 6,893 MT and a market share of 5.5 percent in MY 2001/02. The average import price for U.S. cotton was above average amounting to U.S.\$ 1840 in MY 2002/03 versus U.S. \$ 1345 in MY 2001/02. The high price of U.S. cotton compared to similar quality from other sources posed a big obstacle to increasing U.S. cotton exports to

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<sup>1</sup> MT = metric ton

<sup>2</sup> MY = marketing year. The marketing year for cotton runs from August through July.

Germany. The currently weaker U.S. dollar could lead to an increase in opportunities for U.S. cotton in the German market.

German trade statistics do not distinguish between Pima/ELS<sup>3</sup> and Upland cotton. The International Cotton Advisory Committee (ICAC) in Washington, D.C. estimates German Pima/ELS cotton imports in MY 2002/03 at 22,400 MT. That is about 21 percent of total German imports. For U.S. cotton exports to Germany as shown by the FAS/USDA export sales statistics, the relation is almost reverse: Pima/ELS cotton makes up 70 percent of total U.S. cotton shipments to Germany, upland cotton 30 percent.

**Table 1: U.S. Exports of Pima/ELS and Upland Cotton to Germany, in running bales**

Running bales	1998/99	1999/00	2000/01	2001/02	2002/03
Pima/ELS	13,500	18,600	22,200	17,900	31,600
Upland Cotton	5,500	6,200	1,200	14,600	12,800
Total	19,000	24,800	23,400	32,500	44,400

Source: USDA/FAS Export Sales ([www.fas.usda.gov/export-sales/myrkjuly.htm](http://www.fas.usda.gov/export-sales/myrkjuly.htm))

German exports of raw cotton amounted to 13,714 MT in MY 2002/03, about 3,000 MT less than in MY 2001/02. For MY 2002/03 exports are forecast at a level of 12,000 MT. As Germany is not producing cotton, all exports consist of re-exports. In MY 2002/03, 29 percent of the exports were destined to the Czech Republic, and 24 percent to Austria.

## Stocks

High cotton prices resulted in low ending stocks of 12,000 MT in MY 2002/03. For MY 2003/04 ending stocks are expected at a level of 10,000 MT.

## Textiles/apparel

The value of total turnover of the German textile industry (includes yarn and fabric, excludes apparel) amounted to 13.5 billion Euro (U.S. \$ 11.9 billion<sup>4</sup>) in CY 2003, a drop of 6 percent compared to CY<sup>5</sup> 2002. The turnover of apparels amounted to 9.2 billion Euro (U.S. \$ 8.1 billion), a drop of 8.7 percent. 38 percent of textile turnover and 32 percent of apparel turnover were generated through exports.

40 percent of the domestically produced textiles consist of technical textiles, such as tents, sails, filters, nets, bulk bags, shades; 30 percent are further processed into apparel and the remaining 30 percent consist of home textiles, such as towels, curtains, linen, table cloths, carpets and the like.

The sluggish domestic demand is mainly a consequence of the slow German economy, and the ongoing public discussion of reductions in the welfare system. Cuts in the public health

<sup>3</sup> ELS = extra long staples

<sup>4</sup> Conversion rate (average for CY 2003): U.S.\$ 1 = Euro 0.8840

<sup>5</sup> CY = calendar year

system as well as in the pension scheme resulted in reduced consumer spending. This means that people make fewer purchases but also that they are extremely price sensitive when they make their buying decision. A recovery for 2004 is not expected by the German textile industry.

## Policy

*On December 31, 2004 the Agreement on Textiles and Clothing (ATC) will expire, and with it the quota system for international trade in textiles and clothing, which restricted for instance Chinese exports to Germany. While the U.S. cotton industry is pressing for a continuation of the quotas for China until the end of 2007, the German cotton and textile industry does not see much benefit in this. They feel that the quotas did not give them much protection in recent years. Also, when China joined the WTO last year, it committed itself to the reduction of import tariffs. The German textile industry views this as a chance for exports of high value textiles to China as well as for increased joint ventures in China.*

## Important trade events

The most important trade show in Germany for textiles is the annual "Heimtextil" show in Frankfurt. Cotton Council International, Cotton Incorporated, and Supima Association of America are represented with an information booth at Heimtextil. The next show will be held January 12 through 15, 2005. For details please consult:

<http://heimtextil.messefrankfurt.com/frankfurt/en/home.html>

Table 2: Raw Cotton PSD (in MT)

## PSD Table

Country Commodity	Germany Cotton					
	(HECTARES)(MT)					
Market Year Begin	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [	Estimate [08/2002	DA Official [	Estimate [08/2003	IA Official [	Estimate [08/2004
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	20684	20684	10233	12000	8056	10000
Production	0	0	0	0	0	0
Imports	106686	105669	97977	90000	0	86000
TOTAL SUPPLY	127370	126353	108210	102000	8056	96000
Exports	13717	13714	13064	12000	0	11500
USE Dom. Consumption	103420	100639	87091	80000	0	75500
Loss Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	103420	100639	87091	80000	0	75500
Ending Stocks	10233	12000	8056	10000	0	9000
TOTAL DISTRIBUTION	127370	126353	108211	102000	0	96000

Source: FAS/Berlin based on data from the German Federal Office of Statistics, Wiesbaden, and Bremer Baumwollbörse

Table 3: German Import Prices for Raw Cotton (in US \$ per MT)

## Prices Table

Country	Germany		
Commodity	Cotton		
Prices in	US \$	per uom	MT
Year	2002	2003	% Change
Jan	998	1130	13%
Feb	974	1284	32%
Mar	1001	1202	20%
Apr	970	1315	35%
May	979	1285	31%
Jun	1127	1282	14%
Jul	1022	1321	29%
Aug	989	1290	31%
Sep	1003	1266	26%
Oct	931	1338	44%
Nov	1120	1367	22%
Dec	1088	1531	41%

Source: FAS/Berlin based on data from the German Federal Office of Statistics, Wiesbaden

Table 4: German Imports and Exports of Raw Cotton (in MT)

## Import Trade Matrix

Country Germany

Commodity Cotton

Time Period	Aug/Jul	Units:	MT		
Imports for:	2001		2002	2003	
U.S.	6893	U.S.	6004	2225	
Others		Others			
UZBEKISTAN	22537	SUDAN	15857	GREECE	4737
SUDAN	14849	UZBEKISTAN	12904	CHAD	4143
BRAZIL	9683	CHAD	12646	SUDAN	3778
CHAD	9185	CAMEROON	8122	CAMEROON	3343
GREECE	8077	MALI	7435	ISRAEL	3083
CAMEROON	6947	GREECE	7283	KAZAKHSTAN	3067
PARAGUAY	6447	ISRAEL	5971	MALI	2964
SYRIA	5708	KAZAKHSTAN	4625	TURKEY	2813
MALI	4939	TURKEY	3804	UZBEKISTAN	2200
ISRAEL	4160	SYRIA	3524	BRAZIL	1844
Total for Others	92532		82171		31972
Others not Listed	26781		17494		7439
Grand Total	126206		105669		41636

## Export Trade Matrix

Country Germany

Commodity Cotton

Time Period	Aug/Jul	Units:	MT		
Exports for:	2001		2002	2003	
U.S.	0	U.S.	0	0	
Others		Others			
CZECH REPUBLIC	6662	CZECH REPUBLIC	3964	CZECH REPUBLIC	3331
AUSTRIA	3747	AUSTRIA	3248	ITALY	714
POLAND	1070	NETHERLAND	1204	AUSTRIA	579
NETHERLANDS	1052	POLAND	1010	POLAND	429
CROATIA	655	ITALY	544	SWITZERLAND	295
SWITZERLAND	556	CROATIA	462	ROMANIA	274
INDIA	459	BANGLADESH	448	PAKISTAN	239
HUNGARY	360	SWITZERLAND	442	SLOVENIA	175
ITALY	328	FRANCE	372	INDIA	142
BANGLADESH	279	SLOVENIA	330	FRANCE	126
Total for Others	15168		12024		6304
Others not Listed	1452		1690		304
Grand Total	16620		13714		6608

Please note:

MY 2001 = August 2001 through July 2002

MY 2002 = August 2002 through July 2003

MY 2003 = August 2003 through January 2004 (6 month)

Table 5: German Imports and Exports of Cotton Yarns  
(HS-Codes 5204, 5205, 5207 in MT)

## Import Trade Matrix

Country	Germany		Units:	MT
Commodity	Cotton Yarn			
Time period	Jan/Dec			
Imports for:	2002			2003
U.S.	2	U.S.		1
Others		Others		
CZECH REPUBLIC	13,910	CZECH REPUBLIC		11,459
SPAIN	11,416	SPAIN		9,623
ITALY	8,964	GREECE		7,094
GREECE	8,093	ITALY		6,998
SWITZERLAND	4,665	INDIA		6,711
INDIA	4,518	TURKEY		4,737
AUSTRIA	4,511	SWITZERLAND		3,818
FRANCE	2,549	AUSTRIA		3,631
TURKEY	2,453	INDONESIA		3,169
INDONESIA	2,390	UZBEKISTAN		2,506
Total for Others	63,469			59,746
Others not Listed	15,945			16,346
Grand Total	79,416			76,093

## Export Trade Matrix

Country:	Germany	Units:	MT
Commodity:	Cotton Yarn		
Time period:	Jan/Dec		
Exports for	2002		2003
U.S.	247	U.S.	255
Others		Others	
AUSTRIA	7,073	FRANCE	6,060
FRANCE	6,985	ITALY	5,316
ITALY	6,099	AUSTRIA	5,100
CZECH REPUBLIC	6,080	CZECH REPUBLIC	4,276
SPAIN	5,395	SPAIN	4,087
UNITED KINGDOM	3,774	PORTUGAL	3,803
BELGIUM	3,569	UNITED KINGDOM	2,943
PORTUGAL	3,398	NETHERLANDS	2,122
NETHERLANDS	2,840	BELGIUM	1,829
DENMARK	2,255	SLOVAKIA	1,665
Total for Others	47,468	Total for Others	37,201
Others not listed	10,533	Others not listed	8,645
Grand Total	58,248	Grand Total	46,101

Table 6: German Imports and Exports of Cotton Fabric (HS-Codes 5208,5209 in MT)

## Import Trade Matrix

Country	Germany		
Commodity	Cotton fabric		
Time period	Jan/Dec	Units:	MT
Imports	<b>2002</b>		2003
U.S.	102	U.S.	155
Others		Others	
ITALY	12,829	ITALY	11,205
FRANCE	7,971	PAKISTAN	7,567
CZECH REPUBLIC	7,370	FRANCE	5,970
INDIA	5,909	CZECH REPUBLIC	5,668
PAKISTAN	5,405	INDIA	5,074
RUSSIA	4,494	RUSSIA	4,065
AUSTRIA	4,490	THAILAND	3,605
NETHERLANDS	3,583	AUSTRIA	3,392
THAILAND	3,484	PR CHINA	3,389
BELGIUM	3,072	TURKEY	2,948
Total for Others	58,607		52,883
Others not Listed	26,369		23,383
Grand Total	85,078		76,421

## Export Trade Matrix

Country	Germany		
Commodity	Cotton fabric		
Time period	Jan/Dec	Units:	MT
Exports for:	<b>2002</b>		2003
U.S.	1,033	U.S.	895
Others		Others	
POLAND	12,918	POLAND	12,665
FRANCE	11,714	FRANCE	8,717
ITALY	9,111	ITALY	8,083
ROMANIA	7,339	ROMANIA	7,120
NETHERLANDS	5,428	CZECH REPUBLIC	4,575
TUNISIA	4,171	NETHERLANDS	4,419
CZECH REPUBLIC	3,512	TUNISIA	3,128
AUSTRIA	3,191	AUSTRIA	2,879
SLOVAKIA	2,226	SLOVAKIA	2,360
TURKEY	1,906	MACEDONIA	1,725
Total for Others	61,516		55,671
Others not Listed	22,223		20,226
Grand Total	84,772		76,792